



The role of dual-class share structures, shareholders' engagement and corporate governance on unequal voting rights: A comparative study of China, Malaysia, and Germany

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ABSTRACT

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The shareholders' voting rights have been a significant element in ensuring organizational success. This aspect demands greater emphasis from researchers and policymakers. Hence, the primary aim of this study is to examine the impact of dual-class share structures, shareholder engagement, and corporate governance on unequal shareholders' voting rights in publicly listed companies in China, Malaysia, and Germany with a particular focus on the moderating role of regulatory pressure. The study collected empirical data from shareholders of publicly listed companies through structured questionnaires. Additionally, the study employed Smart-PLS to assess data reliability and analyze the relationships between key variables. The results indicated that dual-class share structures and shareholder engagement have a positive association with unequal shareholders' voting rights whereas corporate governance exhibits a negative relationship with unequal shareholders' voting rights. Furthermore, the findings revealed that regulatory pressure plays a significant moderating role in the relationship between dual-class share structures, shareholder engagement, corporate governance, and unequal shareholders' voting rights, particularly in the contexts of China and Germany. This study provides valuable insights for policymakers offering guidance on formulating policies aimed at reducing unequal voting rights among shareholders. Specifically, it suggests that eliminating dual-class share structures, addressing ineffective shareholder engagement, and implementing robust corporate governance measures can contribute to a more balanced and equitable voting system within public companies.

Contribution/Originality: This study provides a unique comparative analysis of China, Malaysia, and Germany, examining how dual-class share structures, shareholder engagement, and corporate governance impact unequal voting rights. Unlike previous research, it incorporates regulatory pressure as a moderating factor, offering new insights for policymakers on reducing disparities in shareholder influence across diverse regulatory environments.

1. INTRODUCTION

Shareholders remained under the prime consideration of the corporate world being the backbone of any entity. Accordingly, regulatory bodies worldwide ensure extra caution while addressing the issues pertaining to them. The ultimate priority is to ensure the protection of shareholder's rights (i.e., voting rights) to provide them maximum satisfaction. Initially, the concept of shareholders rights, i.e., voting was introduced and documented by the European Commission in 2007. The ultimate aim behind this was the improvisation of the corporate governance to

avoid any violation of the shareholder's rights. Corporate governance is a critical focus for countries worldwide given its importance in safeguarding shareholders' rights. In shaping the success or failure of a nation's economy shareholders play a vital role, and any breach of their rights can have significant consequences. Governments worldwide ensure strong support for shareholders to protect these interests. The development of the corporate governance frameworks is one of the driving reasons.

One of the keys to the success of China is the adoption and true adherence to corporate governance practices. Since the economic reforms in 1978, China has made substantial progress in all areas of corporate governance (Jiang & Kim, 2020). Despite much concern, the country is still facing numerous obstacles in this regard, i.e., 1) concentrated ownership structure, 2) inside control, 3) weak protection of shareholders rights (Dat, Mau, Loan, & Huy, 2020) 4) self-dealing and collusion in market manipulations (Zhang, Liu, Zhang, Ke, & Yuan, 2023), 5) fabrication of financial data (Liu, Li, & Luo, 2023) 6) weak independent board and 7) weak supervisory board. Similarly, China and Malaysia are also very concerned about the adherence to corporate governance. The country introduced the Malaysian Code of Corporate Governance (MCCG) in 2000 to strengthening the corporate sector as well as the protection of shareholders' rights (Khatib, Abdullah, Elamer, & Hazaea, 2022). The MCCG provides ideal corporate governance architecture internal procedures were outlined. The best practices and principles of good governance were formalized. The pillars of Malaysian corporate governance are ethical behavior, accountability, transparency, and sustainability (Abdulzahra et al., 2023). Firms across the country are forced to adhere to the MCCG with the aim of protecting the shareholders. The country is still facing numerous hurdles in the context of maximum adherence to MCCG such as a) weak protection of shareholders' rights (Ellili, 2023) b) data maneuvering, c) board structure (Al-Sayani & Al-Matari, 2023). Furthermore, the corporate governance framework in Germany is widely recognized as the archetypal illustration of an insider-controlled and stakeholder-focused organization (Abdullah & Tursoy, 2023). It was a consistent system a few years ago in the sense that it was made up of well-fitting complementing pieces. Nonetheless, a wave of changes to the German corporate governance system over the last ten years makes it important and valuable to look at whether there has been a significant shift in German corporate governance recently. German Corporate Governance Code (GCGC) was introduced in 2002 (Ahmed, Ali, & Hågen, 2023). The country has expressed true adherence in this regard. There are some obstacles regarding the protection of shareholders' rights like the protection of shareholders' rights (Rühmkorf, 2019) transparency, and data manipulations (Papenfuß, 2023) despite high pressure from the regulatory authorities.

The present study has addressed the following gaps that exist in the literature investigation of the model consisting of the factors, i.e., unequal shareholders voting rights, dual-class share structure, corporate governance, and shareholders engagement along with employing the moderating effect of regulatory pressure particularly in China, Germany, and Malaysia. Bruslerie (2023) and Xu (2019) explored the relationship between dual-shares structure and unequal shareholders voting rights. However, the present study added factors like corporate governance, and shareholders' engagement with employing the moderating effect of regulatory pressure. Gantenbein, Kind, and Poltera (2016) and Bessler and Vendrasco (2019) explored the relationship between corporate governance and unequal shareholders voting rights. However, the present study added factors like dual-share structure and shareholder engagement. Furthermore, the study also tested the moderating effect of regulatory pressure. Van der Elst (2019) and Lui (2015) explored the relationship between shareholders' engagement and shareholders' voting rights. However, the present study added factors like dual-share structure and corporate governance. This study also tested the moderating effect of regulatory pressure. He and Su (2022); Rehman, Shahzad, Ding, and Razzaq (2023) and Long et al. (2023) explored the moderating effect of regulatory pressure in multiple relationships at different times, hence, the same is also employed here in the relationship amid unequal shareholders voting rights, dual-class shares structure, corporate governance, and shareholders engagement. Similarly, this study is important as it provides a comparative analysis of how dual-class share structures, corporate governance, and shareholder engagement impact unequal voting rights in China, Germany,

and Malaysia. The study gives valuable insights for investors and policymakers aiming to balance control and shareholder protection in global markets by exploring these dynamics across different legal and economic systems. The findings of the study contribute to an in-depth understanding of corporate governance practices and their ramifications for shareholder rights in different regulatory environments.

2. LITERATURE REVIEW

Numerous factors that influence the shareholders' voting rights and one of the prime ones is shareholders' engagement. Their engagement is considered key to the protection of their rights. Shareholders' engagement usually prevails in case of any oversight of their rights. Over the periods, numerous investigations have been carried out on the concept that the shareholder's engagement is associated with its voting in terms of rights. In this context, [Van der Elst \(2019\)](#) also investigated the relationship between shareholder engagement and shareholders' rights. The investigation concluded that the shareholder's engagement significantly influences its voting right either positively or negatively, works as a key control towards the improvisation of corporate governance, the physical absence of shareholders being foreigners from the firm's annual general meeting should not affect its voting right, and limitations regarding proxy voting should be abolished. In furtherance, [Van der Elst \(2019\)](#) also proposed in this regard that a) the shareholder's engagement influences their voting rights. b) The gravity of shareholders vote in absentia is escalating. b) The controlling shareholders participate in the annual general meeting. c) The regulators should emphasize more compliance in terms of unequal shareholders voting rights. d) Further, the shareholder's engagement cannot take place in the general meeting. Similarly, [Lui \(2015\)](#) investigated whether the quality of shareholder engagement gets enhanced through the cross-border voting chain. The results of the quality of shareholder engagement have a relationship with the cross-border voting chain. There is a need to improve the information flow as well as the transparency between the companies within the country to enhance the shareholder's engagement quality. Furthermore, the engagement quality can be enhanced in three areas such as firms within the country, the providence of accurate information between the firms, and a tiered model of individual accounts which will provide choice and reduce cost.

H₁: Shareholders' engagement is significantly associated with unequal shareholders voting rights.

The management of any firm plays a vital role in its success or failure. Initially, the concept of corporate governance was introduced by Bob Ticker. Later, there are a lot of developments that occurred on the concept. Over time, numerous debates have been done on it. The four main pillars of corporate governance are people, processes, performance, and purpose. However, corporate governance is all about setting the norms, procedures, policies as well as rules that influence how the individuals direct, admire, administrate and manage the company. Corporate governance has a strong influence over the shareholders in multiple terms like voting rights protection and financial protection. Literature proposed that corporate governance influences the shareholder's voting rights. In this regard, [Gantenbein et al. \(2016\)](#) investigated whether corporate governance results influence the unequal shareholders voting rights value. The investigation was carried out on the European companies. The study used 10 years of data from the European companies. The data is comprised of the tenure from 2002 to 2012. The study finds that corporate governance has influence over unequal shareholders voting rights. When transparent, governance properties tend to reduce the prevalence of unequal voting rights, promoting fair decision-making power among shareholders. This association suggests that as corporate governance improves, the likelihood of unequal voting rights diminishes. The voting right value increases with Chief Executive Officer (CEO) or Chairman dual mandates but decreases with voting right caps. Accordingly, [Bessler and Vendasco \(2019\)](#) investigated whether corporate governance is relevant to shareholders' unequal voting rights. The investigation was carried out in 13 European countries. The study used 22 years of data from the European companies. The data is comprised of the tenure from 1994 to 2016. The results of the study proposed that corporate governance has relevance to shareholders' unequal voting rights value. Public firms with dual-class structures are usually valued low as compared to single-class

structures. The Initial Public Offerings (IPOs) of dual-class structure are relatively more profitable. Similarly, Dayton, Gregg, and Nafziger (2021) investigated the shareholder's voting rights in the form of shareholder democracy and their impact on corporate performance. The investigation was carried out on the Russian companies. The study focused on the Imperial Russian Charter. The study used the panel data of 22 companies' balance sheets from 1899 to 2014. The results proposed that corporate governance plays a vital role in shareholder democracy in terms of voting rights.

H₂: Corporate governance is significantly and negatively associated with unequal shareholders' voting rights.

Firms worldwide are in the process of attaining sustainable development. Numerous factors play a vital role in such sustainability and the most important one is corporate governance. One of the aims of corporate governance is to ensure the protection of shareholders' rights. As they are considered key to the success or failure of the firm therefore the firm ensures their best efforts to safeguard their rights. Over time, regulatory bodies worldwide introduced different natural changes in shareholders' rights in terms of voting. Similarly, the single-class and dual-class share structures. Although there are different viewpoints that have been reported against these, they still are part of the system. Whether it's any system, it has a strong impact on the shareholder's voting rights. In this regard, Bruslerie (2023) also conducted a literature review on multiple class shares and voting rights. A detailed survey was conducted to analyze the concept. The ultimate aim was to find out the reason for the existence of equal and unequal voting rights. The results proposed that particularly the dual- share structure plays a vital role in the unequal voting rights of the shareholders as it often grants disproportionate control to certain shareholders despite holding a smaller equity stake. This structure typically allows founders to retain significant decision-making power. Since it's a controversial term still it prevails in the corporate world. In a similar way, Yan (2020) also investigated the dual share structure in the context of shareholder value creation. The study proposed that the dual share structure is a bit controversial in the corporate world. One of the reasons is two individuals have the same number of shares but different voting rights. Such a scenario creates discrimination. The associated agencies' costs also play a vital role. Initially, China was much concerned about the dual share structure but with the passage of time. Moreover, Xu (2019) also explored the

H₃: Dual-class share structure is significantly associated with unequal shareholders' voting rights.

The protection of shareholders' rights is the ultimate aim of the regulatory bodies of any country. The dual-class shares structure is receiving much criticism worldwide. The violation of shareholders' voting rights in the form of a dual-share structure occurs when the management of the firm leads to a deviation from the compliance introduced by the regulatory body. Hence, the regulatory bodies' pressure acts as a moderator in this regard. In the context of moderation, He and Su (2022) explored the moderating effect of regulatory pressure in the nexus amid digital transformation and green innovation, particularly in Chinese firms. The study used data from seven years of Chinese firms as a sample. The data covers the tenure from 2012 to 2019. The study analyzed the collected data by employing the Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis approach. The results of the investigation proposed that there is a significant relationship between digital transformation and green innovation. Furthermore, regulatory pressure actively moderates this relationship. Similarly, Rehman et al. (2023) explored the moderating effect of regulatory pressure in the relationship between corporate motives and sustainable sourcing, particularly in Pakistani firms. Strong regulatory frameworks can limit the extent to which dual-class structures lead to imbalances in voting by placing restrictions or requiring higher transparency from companies. This pressure helps to reduce the potential governance risks linked with unequal voting rights, making sure that such structures do not have an excessive disadvantage for minority shareholders. The study used the data of 248 respondents as a sample. The study employed the simple random sampling technique. The study analyzed the collected data by employing the PLS-SEM analysis approach. The results of the investigation proposed that there is a significant relationship between corporate motives and sustainable sourcing. Regulatory pressure actively moderates this relationship.

H₁: Regulatory pressure moderates the relationship between dual-class share structure and unequal shareholders' voting rights.

Corporate governance is the key to the protection of unequal shareholders voting rights. Numerous times the management leads to weak decisions which further affect the shareholder's rights. In such cases, the regulatory bodies of the country express their intervention and pressure the firms to avoid any such practice by acting as moderators. In this context, Long et al. (2023) explored the moderating effect of regulatory pressure in the relationship between carbon information disclosure and the cost of capital particularly in China. The study used the data of 588 listed companies in China as a sample. The data covers the tenure from 2015 to 2019. The study analyzed the collected data by employing the Machine Learning (ML) regression analysis approach. The results of the investigation proposed that there is a significant relationship between carbon information disclosure and the cost of capital. Regulatory pressure actively moderates this relationship. When regulators enforce strict governance standards, they help to make sure that companies adopt fairer and unbiased voting structures, mitigating the risk of unequal voting rights. Similarly, Zhu and Sarkis (2007) explored the moderating effect of institutional pressure in the relationship between emergent green supply chain practices and performance, particularly in China. The study used the data of 341 respondents as a sample. The study employed the simple random sampling technique. The study analyzed the collected data by employing the hierarchical regression analysis approach. The results of the investigation proposed that there is a significant association between emergent green supply chain practices and performance. Institutional pressure actively moderates this relationship.

H₂: Regulatory pressure moderates the relationship between corporate governance and unequal shareholders' voting rights.

The ultimate aim of the shareholder's engagement is the protection of their voting rights. Many times, the firm management despite being against the shareholder's rights takes the adverse decisions. In such a scenario, the shareholders address the prevalent regulatory bodies for their rights restoration. Thus, the regulatory bodies act as moderators. When greater participation of shareholders is encouraged by regulations, it can help to address imbalances in voting by giving a stronger voice to minority shareholders in corporate decision-making. In the context of moderation, Tinali (2022) explored the moderating effect of institutional pressure in the relationship between technology usage and public procurement performance, particularly in Tanzania. The study used the data of 207 respondents as a sample. The study employed the simple random sampling technique. The study analyzed the collected data by employing the PLS-SEM analysis approach. The results of the investigation proposed that there is a significant association between technology usage and public procurement performance. Institutional pressure actively moderates this relationship. Similarly, Kim, Kim, and French (2015) explored the moderating effect of institutional pressure in the relationship between the need to pull technology and information security management, particularly in Korea. The study employed the simple random sampling technique. The study analyzed the collected data by employing the ML regression analysis approach. The results of the investigation proposed that there is a significant association between need pull technology and information security management. Further, institutional pressure actively moderates this relationship.

H₃: Regulatory pressure moderates the relationship between shareholders' engagement and unequal shareholders' voting rights.

3. RESEARCH METHODS

The study examines the impact of dual-class share structure, shareholders' engagement and corporate governance on the unequal shareholders' voting rights and also checks the regulatory pressure moderating role among dual-class share structure, shareholders' engagement, corporate governance and unequal shareholders' voting rights in public listing companies in China, Malaysia and Germany. The study gathered the data from the shareholders of public listing companies using questionnaires. The variables are measured with questions taken from past literature such as the dual-class shares structure has five items (Baran, Forst, & Tony Via, 2023),

shareholders' engagement which has four items (Lyulyov, Chygryn, Pimonenko, & Kwilinski, 2023). Corporate governance has five questions (Erena, Kalko, & Debele, 2022) regulatory pressure has four questions (Baah, Jin, & Tang, 2020) and unequal shareholders' voting rights have four questions (Mbanyele, 2021).

The study has used the shareholders of public listing companies as the respondents. The surveys were sent to the shareholder through mail. The study has selected shareholders who have a significant part of the shares. In Malaysia, the researchers have gotten around 1200 shareholders list from the stock exchange and calculated the sample size using Krejcie and Morgan's (1970) table and calculate 292 sample size. The researchers distributed 523 surveys to Malaysian listed companies and received only 291 valid responses which represents around 55.64 percent rate of response. In addition, in China, the researchers have gotten around 1170 shareholders lists from the stock exchange and calculated the sample size using Krejcie and Morgan's (1970) table and calculated 290 sample size. The researchers distributed 512 surveys to Chinese listed companies and received only 290 valid responses that represents around 56.64 percent rate of response. Finally, in Germany, the researchers have get around 4900 shareholders list from stock exchange and calculated the sample size using Krejcie and Morgan's (1970) table and calculate 357 sample size. The researchers distributed 611 surveys to Germany -listed companies and received only 357 valid responses which represents around 58.43 percent rate of response. In addition, the study also used Smart-PLS to examine the data reliability and association among variables. This tool provides the best outcomes even when the researchers used large data sets and complex models (Hair Jr, Howard, & Nitzl, 2020). The measurement model used to check the data reliability and the factor loadings, alpha, average variance extracted (AVE), and composite reliability (CR) tests are used for this purpose. In addition, a structural assessment model was used to check the association among variables. Finally, the study used three predictors named dual-class shares structure (DCSS), shareholders' engagement (SE) and corporate governance (CG). The study used one moderating variable named regulatory pressure (RP) and one dependent variable named unequal shareholders' voting rights (USVR). Figure 1 shows these variables.

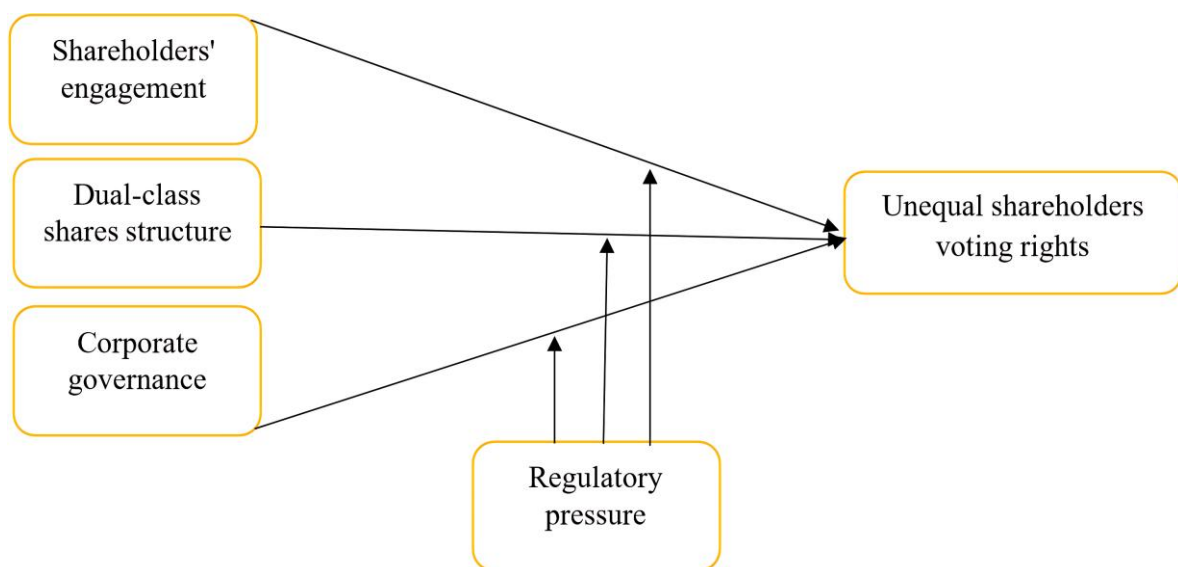


Figure 1. Research model.

4. RESEARCH FINDINGS

The study checks the correlation among items. This correlation has been examined using alpha and composite reliability (CR) and tests show values bigger than 0.70. Moreover, the study also investigated this correlation using average variance extracted (AVE), factor loadings and tests show values higher than 0.50. These outcomes indicated a high correlation between items. Table 1 shows these figures. Figure 2 illustrates the comparative analysis of SES and USVR metrics across different categories highlighting variations in values and trends.

Table 1. Convergent validity (Malaysia).

Constructs	Items	Loadings	Alpha	CR	AVE
Corporate governance	CG1	0.845	0.880	0.912	0.674
	CG2	0.859			
	CG3	0.817			
	CG4	0.738			
	CG5	0.841			
Dual-class share structure	DCSS1	0.734	0.909	0.933	0.740
	DCSS2	0.962			
	DCSS3	0.759			
	DCSS4	0.893			
	DCSS5	0.928			
Regulatory pressure	RP1	0.873	0.858	0.906	0.711
	RP2	0.666			
	RP3	0.899			
	RP4	0.911			
Shareholders' engagement	SE1	0.932	0.935	0.953	0.835
	SE2	0.916			
	SE3	0.901			
	SE4	0.906			
Unequal shareholders' voting rights	USVR1	0.762	0.797	0.812	0.520
	USVR2	0.718			
	USVR3	0.721			
	USVR4	0.681			

The study checks the correlation among variables. This correlation has been examined using the Heterotrait Monotrait (HTMT) ratio and tests show values lower than 0.85. These outcomes indicated a low correlation between variables. Table 2 shows these figures.

Table 2. Discriminant validity (Malaysia).

Constructs	CG	DCSS	RP	SE	USVR
CG					
DCSS	0.238				
RP	0.362	0.726			
SE	0.189	0.253	0.319		
USVR	0.504	0.697	0.720	0.440	

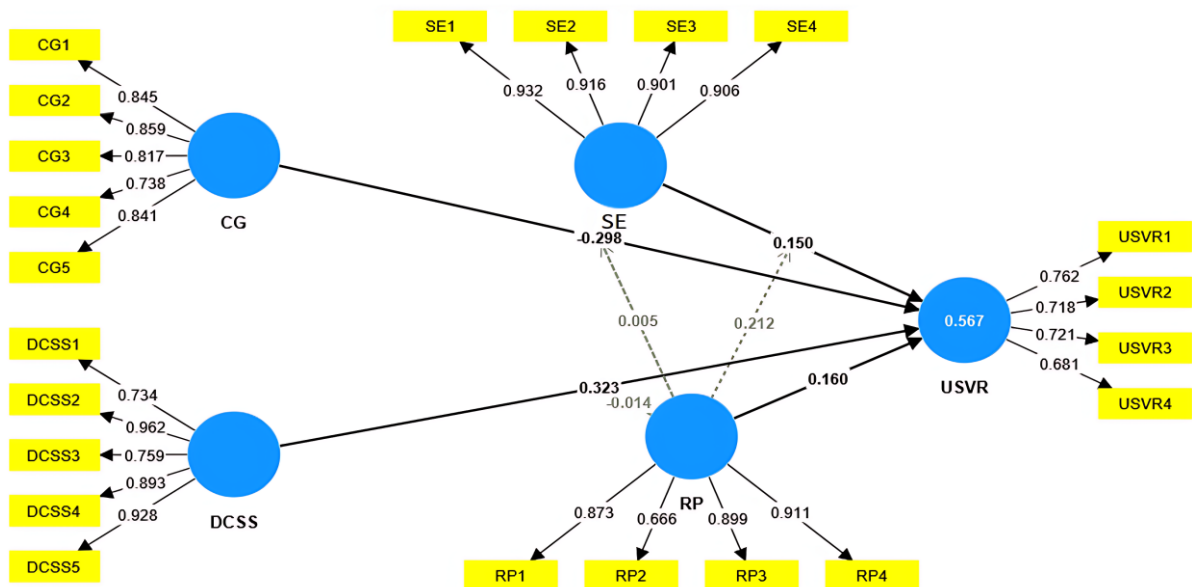


Figure 2. Measurement assessment model (Malaysia).

The results indicated that the dual-class share structure and shareholders' engagement have a positive while corporate governance has a negative relationship with the unequal shareholders' voting rights and accepts H1, H2 and H3. The outcomes also revealed that the regulatory pressure significantly moderates the engagement and unequal shareholders' voting rights and accepts H6. These relationships are given in Table 3. The comparative analysis of SES and USVR metrics across various categories highlights differences in values and trends as shown in Figure 3.

Table 3. Path analysis (Malaysia).

Relationships	Beta	Standard deviation	T statistics	P values
CG -> USVR	-0.298	0.053	5.590	0.000
DCSS -> USVR	0.323	0.052	6.172	0.000
RP -> USVR	0.160	0.056	2.853	0.005
SE -> USVR	0.150	0.036	4.129	0.000
SE x DCSS -> USVR	-0.014	0.035	0.392	0.696
SE x RP -> USVR	0.212	0.059	3.592	0.001
SE x CG -> USVR	0.005	0.055	0.088	0.930

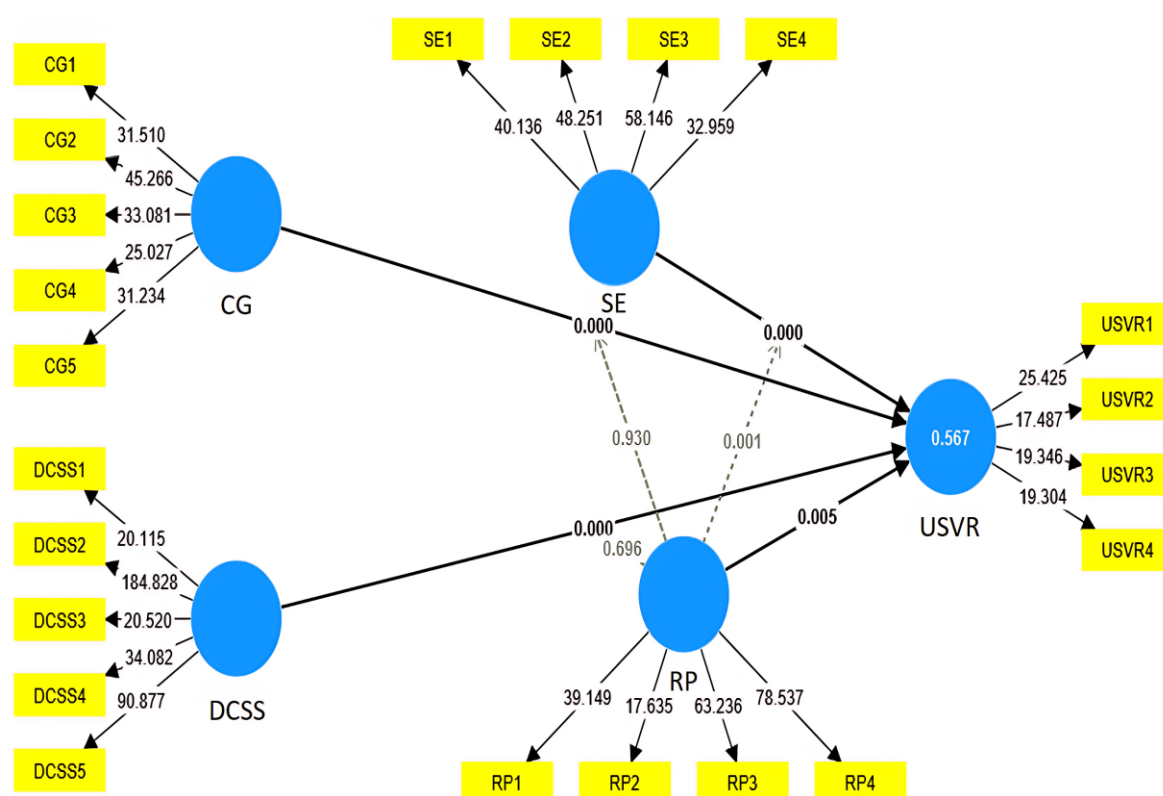


Figure 3. Structural assessment model (Malaysia).

The study checks the correlation among items. This correlation has been examined using alpha and CR and tests show values higher than 0.70. Moreover, the study also investigated this correlation using AVE and factor loadings and tests show values bigger than 0.50. These outcomes indicated a high correlation between items. Table 4 shows these figures.

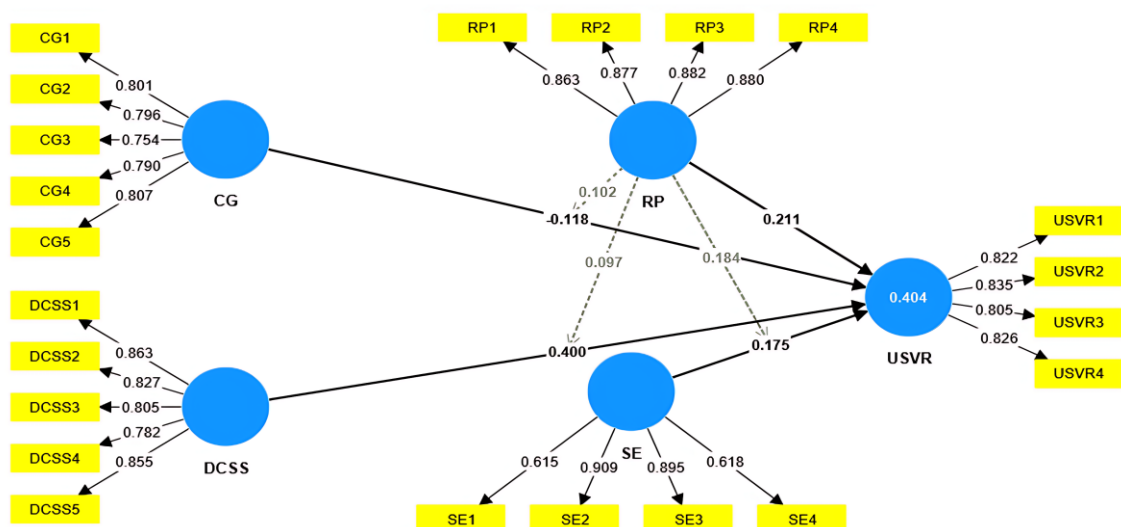
Table 4. Convergent validity (China).

Constructs	Items	Loadings	Alpha	CR	AVE
Corporate governance	CG1	0.801	0.852	0.892	0.624
	CG2	0.796			
	CG3	0.754			
	CG4	0.790			
	CG5	0.807			
Dual-class share structure	DCSS1	0.863	0.884	0.915	0.684
	DCSS2	0.827			
	DCSS3	0.805			
	DCSS4	0.782			
	DCSS5	0.855			
Regulatory pressure	RP1	0.863	0.899	0.929	0.766
	RP2	0.877			
	RP3	0.882			
	RP4	0.880			
Shareholders' engagement	SE1	0.615	0.803	0.851	0.597
	SE2	0.909			
	SE3	0.895			
	SE4	0.618			
Unequal shareholders' voting rights	USVR1	0.822	0.841	0.893	0.676
	USVR2	0.835			
	USVR3	0.805			
	USVR4	0.826			

The study checks the correlation among variables. This correlation has been examined using the HTMT ratio and tests show values lower than 0.85. These outcomes indicated a low correlation between variables. Table 5 shows these figures. The structural model of the study for China illustrates the relationships between dual-class share structures (DCSS), shareholder engagement (SE), corporate governance (CG), regulatory pressure (RP), and unequal shareholders' voting rights (USVR) with path coefficients indicating the strength of associations as shown in Figure 4.

Table 5. Discriminant validity (China).

	CG	DCSS	RP	SE	USVR
CG					
DCSS	0.083				
RP	0.123	0.472			
SE	0.155	0.514	0.768		
USVR	0.203	0.603	0.455	0.462	

**Figure 4.** Measurement assessment model (China).

The results indicated that the dual-class share structure and shareholders' engagement have a positive relationship while corporate governance has a negative relationship with the unequal shareholders' voting rights and accepts H1, H2 and H3. The outcomes also revealed that the regulatory pressure significantly moderates among dual-class share structure, shareholders' engagement, corporate governance and unequal shareholders' voting rights and accepts H4, H5 and H6. These relationships are shown in Table 6. Figure 5 presents the detailed breakdown of BPI, CG, RP, USVR, and DCSS metrics showcasing the relationships and variations among different variables in the study for China.

Table 6. Path analysis (China).

Relationships	Beta	Standard deviation	T statistics	P values
CG -> USVR	-0.118	0.043	2.750	0.007
DCSS -> USVR	0.400	0.056	7.115	0.000
RP -> USVR	0.211	0.067	3.155	0.002
SE -> USVR	0.175	0.064	2.742	0.007
RP x SE -> USVR	0.184	0.062	2.992	0.003
RP x CG -> USVR	0.102	0.044	2.298	0.024
RP x DCSS -> USVR	0.097	0.047	2.064	0.042

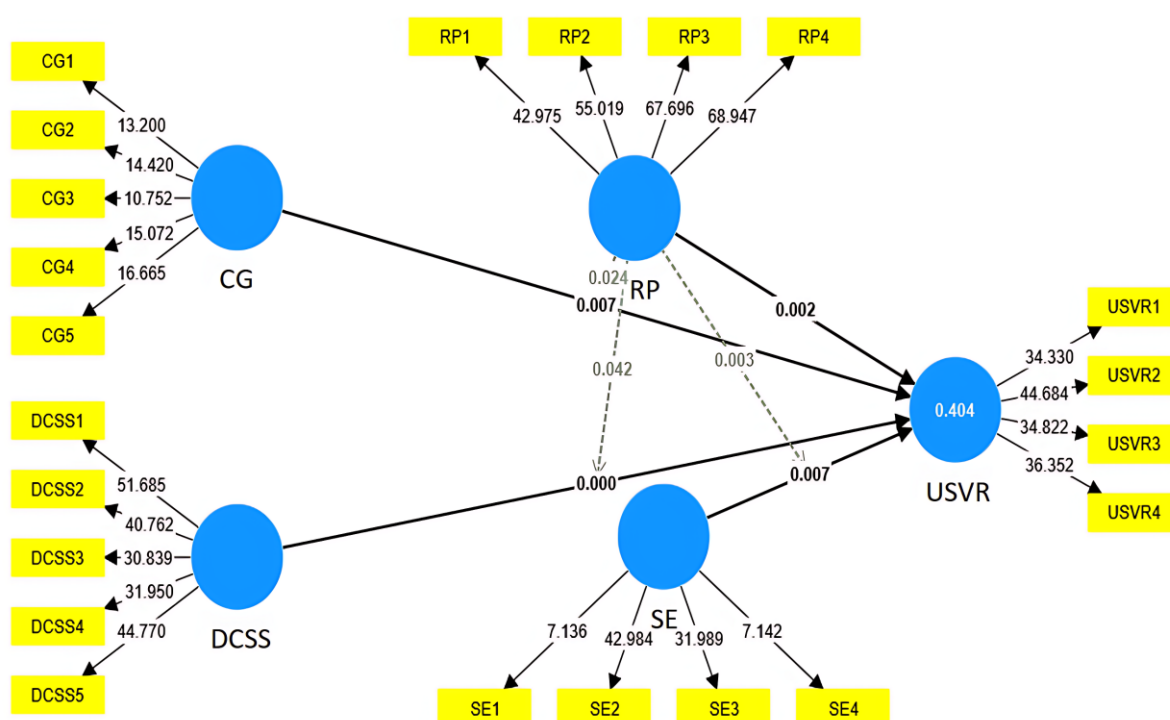


Figure 5. Structural assessment model (China).

The study checks the correlation among items. This correlation has been examined using alpha and CR and tests show values higher than 0.70. Moreover, the study also investigated this correlation using AVE and factor loadings and tests show values higher than 0.50. These outcomes indicated a high correlation between items as shown in Table 7. Figure 6 illustrates the structural model of the study for Germany depicting the relationships between dual-class share structures (DCSS), shareholder engagement (SE), corporate governance (CG), regulatory pressure (RP), and unequal shareholders' voting rights (USVR) with path coefficients indicating the strength of associations.

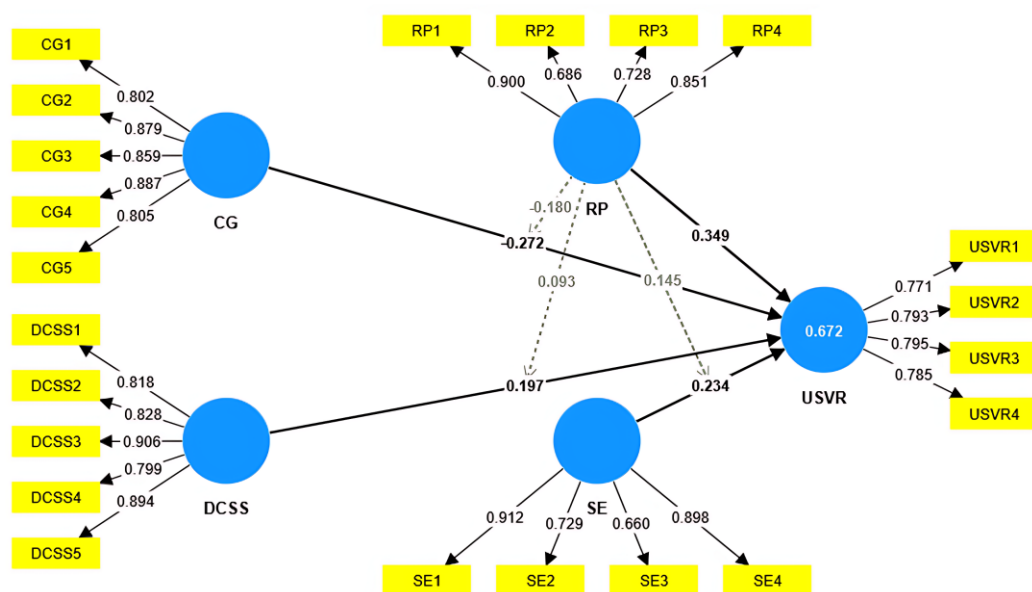
Table 7. Convergent validity (Germany).

Constructs	Items	Loadings	Alpha	CR	AVE
Corporate governance	CG1	0.802	0.901	0.927	0.718
	CG2	0.879			
	CG3	0.859			
	CG4	0.887			
	CG5	0.805			
Dual-class share structure	DCSS1	0.900	0.903	0.929	0.723
	DCSS2	0.686			
	DCSS3	0.728			
	DCSS4	0.851			
	DCSS5	0.894			
Regulatory pressure	RP1	0.863	0.801	0.872	0.633
	RP2	0.877			
	RP3	0.882			
	RP4	0.880			
Shareholders' engagement	SE1	0.912	0.815	0.880	0.652
	SE2	0.729			
	SE3	0.660			
	SE4	0.898			
Unequal shareholders' voting rights	USVR1	0.771	0.794	0.866	0.618
	USVR2	0.793			
	USVR3	0.795			
	USVR4	0.785			

The study checks the correlation among variables. This correlation has been examined using the HTMT ratio and tests show values lower than 0.85. These outcomes indicated a low correlation between variables. Table 8 shows these figures. Figure 7 illustrates the structural model of the study for Germany depicting the relationships between DCSS, SE, CG, RP, and USVR with path coefficients indicating the strength of associations.

Table 8. Discriminant validity (Germany).

	CG	DCSS	RP	SE	USVR
CG					
DCSS	0.589				
RP	0.499	0.514			
SE	0.657	0.496	0.573		
USVR	0.761	0.695	0.792	0.768	

**Figure 6.** Measurement assessment model (Germany).

The results indicated that the dual-class share structure and shareholders' engagement have a positive relationship while corporate governance has a negative association with the unequal shareholders' voting rights and accepts H1, H2 and H3. The outcomes also revealed that the regulatory pressure significantly moderates among dual-class share structure, shareholders' engagement, corporate governance and unequal shareholders' voting rights and accepts H4, H5 and H6. These relationships are given in Table 9. Figure 7 displays the distribution of RPI values illustrating the range and frequency of regulatory pressure indicators across the studied sample.

Table 9. Path analysis (Germany).

Relationships	Beta	Standard deviation	T statistics	P values
CG -> USVR	-0.272	0.044	6.206	0.000
DCSS -> USVR	0.197	0.043	4.611	0.000
RP -> USVR	0.349	0.040	8.645	0.000
SE -> USVR	0.234	0.052	4.487	0.000
RP x DCSS -> USVR	0.093	0.039	2.384	0.017
RP x CG -> USVR	-0.180	0.043	4.158	0.000
RP x SE -> USVR	0.145	0.046	3.172	0.002

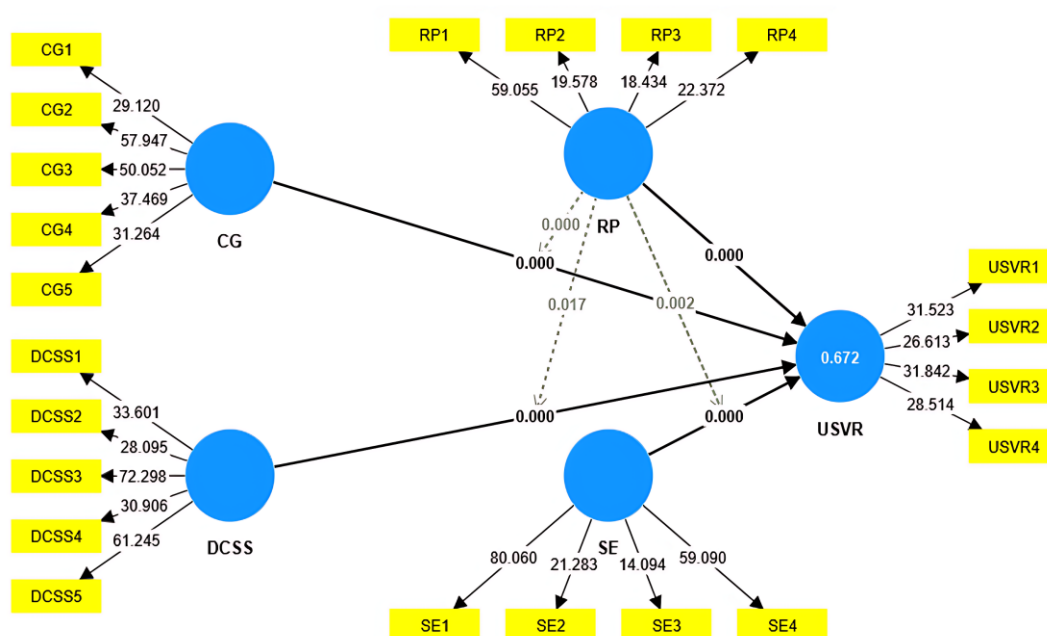


Figure 7. Structural assessment model (Germany).

5. DISCUSSION

The study titled offers a good comparison of the three countries namely, China, Malaysia and Germany. The study describes the DCSS, corporate governance structures and the impact of stakeholder pressures on shareholders' voting rights inter-relatively. However, this paper seeks to advance knowledge on these dynamics by specifically examining how the regulatory environments in these countries influence corporate control and governance. In this paper, specific knowledge of the dynamics in these countries is developed by focusing on the ways that the specific regulatory environments of these countries affect corporate control and governance.

In China, the study finds that the application of DCSS has been comparatively short-lived, and its usage is mainly motivated by the burgeoning of information technology firms that are eager to retain control yet expand capital (Kellerman, 2019). Previous studies like Tan and Zhao (2019) find that over time the legal infrastructure in China has evolved and slowly offered approval to such structures while protecting the investors but at the same time encouraging the growth of new associated businesses. These findings corroborate the proposition of this study that legal forces are central to determining the level of DCSS impact on shareholders' voting rights in China.

However, the impact of the DCSS has been moderate in the Chinese governance setting because of the government support measured by the supporting regulations that come in between to control the management of firms. The pressure from the other stakeholders in China especially the State-Owned Enterprises (SOEs) and government-related entities on governance makes the issue worse as their main interest is protecting pertinent national interests and maintaining stability in their companies rather than protecting the rights of the minority shareholders (Lin, Lu, Zhang, & Zheng, 2020). This analysis of legal pressures, stakeholders' power and governance outcomes indicates that China confronts rather complex legal pressures at the present stage of empirical investigations.

Malaysia is somewhat different from the Chinese case in which DCSS adoption is less developed than in China. Although the framework of Malaysian corporate governance is founded on the cultural, political and legal environment in Malaysia, it reflects international and regional standards of transparency and accountability (Jamil, Mohd Ghazali, & Puat Nelson, 2021). According to previous literature by Farooq, Al-Jabri, Khan, Ali Ansari, and Tariq (2024), Malaysian regulators have not been very lax on DCSS mainly because of issues to do with minority shareholders and the market. The paper identifies that in Malaysia, regulatory pressure emerges as a consistent moderating influence that guarantees any deployment of DCSS is in line with high corporate governance standards. In Malaysia, Klecun, Zhou, Kankanhalli, Wee, and Hibberd (2019) explore that pressures are derived from the key stakeholders such as institutions and advocacy groups which have helped to champion the reforms on governance. These stakeholders have ensured pressure on the corporate boards mostly on the issues concerning the extension of voting rights and better protection for minority shareholders. This synchronizing of stakeholder and regulatory approaches improves corporate responsibility offering a clear roadmap for corporate governance in Malaysia. However, Germany presents quite contrasting governance nature fostered by a traditionally remarkable stakeholder orientation. The German model of corporate governance which is underlined by the system called co-determination is well equipped to protect the involved stakeholders which include the employees, shareholders and creditors (Hopt, 2021). Previous studies like Gurrea-Martínez (2021) state that adoptions of DCSS systems in Germany are less evident due to toughness in regulations on the use of DCSS and the specific culture in Germany which seeks to address the unfair treatment of shareholders. The study shows that in Germany, by applying the regulatory pressure the impact of DCSS on shareholders' voting rights might be alleviated. The legal structures that exist in Germany that align with the principles of the modern code of business corporations push for the scrutiny of any changes to the one-share-one vote policy through legal structures as a way of protecting the minority shareholders (Grundmann, 2023). Moreover, the study finds that the collective influence of stakeholders in Germany, especially unions and employees' representatives, strengthens the formal public governance framework, which provides a constructive counterweight to the (often American-inspired) aggressive shareholder. These relationships between legal systems, culture, and stakeholders' representations neutralize the effects of DCSS on governance implications in Germany.

According to the empirical law analysis, the study comes to the result that in China, legal regulation plays important roles in both the founder's control maintenance and the investors' protection. In Malaysia, the regulation commissions have the roles of gatekeepers. They ensure that any introduction of DCSS that is to be implemented in organizations has to adhere to high standards in corporate governance. In the case of Germany, the strengthened legal frames and a responsible approach of Anglo-Saxon stakeholders to the company's internal and external regulation can be regarded as saving from possible dangers hidden in the essence of DCSS. It also posits that stakeholder pressure was influential with regard to corporate governance results. As for China, studies like Chang and Lin (2022) say that state has great proven influence, and several corporations are evidently state-owned or affiliated. Currently in Malaysia, the reform of corporate governance is initiated and championed mostly by institutional investors and advocacy groups and puts much focus on minority shareholder oppression and market manipulation (Elias, 2020). There is reinforcement of employees' remunerations by labor unions and other representatives as part of the general corporate governance approach that entails fairness for all.

6. CONCLUSION

The present study concluded that the dual-class share structure and shareholders' engagement need improvement to create the issues of unequal shareholders' voting rights in Malaysia while corporate governance in Malaysia has played a vital role in reducing unequal shareholders' voting rights on the basis of available findings. In addition, the study also concluded that in China, the same situation has been observed where dual-class share structure and shareholders' engagement need improvement which creates the issues of unequal shareholders' voting rights. Corporate has played a vital role in reducing unequal shareholders' voting rights. Finally, the same conclusion has been arrived in Germany where dual-class share structures and shareholders' engagement need improvements which create the issues of unequal shareholders' voting rights while corporation has played a vital role in reducing unequal shareholders' voting rights. Finally, it is concluded that dual-class share structures and shareholders' engagement have been the significant elements that need to improve all the countries to remove the unequal shareholders' voting rights issues.

6.1. Study Implications

The study has numerous policy implications for policymakers, regulators and corporate leaders across the world. Thus, the paper highlights the need for country-specific measures to address DCSS while promoting investor protection and fair and efficient markets. In China, the nature of innovation means that control retention consequently requires nuanced regulations. The measure taken by Malaysia shows the need for minority shareholders' safeguarding while Germany's strong governance model proves the efficiency of stakeholder-centric models. Thus, the study calls for adaptability to the regulatory and cultural characteristics of each country, aiming at increasing fairness and sustainability in the corporate world on an international level. The policymakers in making policies related to reduce the unequal shareholders' voting rights implementing effective corporate governance by eliminating dual-class share structure and ineffective shareholders' engagement are guided by the study.

6.2. Limitations

This research has certain limitations. First of all, it is based mainly on academic works and legislative acts that do not always reflect the changes in the companies' management systems. One weakness of the comparative analysis is that this reductionist approach might reduce the specifics of each country's regulatory and corporate settings to a few parameters, which can mask a lot of details that might matter to an analyst. Furthermore, the study was conducted in China, Malaysia and Germany which restricts the generalization of the research study to different world regions characterized by different governance structures. Subsequent studies could use quantitative data and increased geographical coverage to improve the comprehension of dual-class share structures' performance in terms of different regulation influences.

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